



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **SB 194** SLS 09RS 468
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 5, 2009	8:33 PM	Author: BROOME
Dept./Agy.: Revenue		
Subject: Corporate income deduction for paid parental leave		Analyst: Deborah Vivien

TAX/TAXATION OR DECREASE GF RV See Note Page 1 of 1

Provides for a tax credit against the corporate income tax and the corporation franchise tax for employers who allow parental involvement in schools during working hours. (gov sig)

Proposed law authorizes a nonrefundable corporate income and franchise tax credit for employers who allow parents to take paid leave for no more than 7 hours a month during the school year for the purpose of participating in activities directly related to the employee’s child at the school or child day care center attended by the employee’s child up to age 18. The school must be an accredited public or private educational institution providing educational services to children 18 or younger. The day care must provide care for seven or more children. The credit amount is 2.5 times the hourly wage of the employee per tax year and shall be taken for the taxable year in which the leave is granted to the employee.

Effective upon governor's signature.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The Department of Revenue should incur relatively small costs associated with implementing this deduction including the addition of the credit to the existing computer system and changing tax forms to properly capture the accounting of it.

REVENUE EXPLANATION

To the extent employers allow paid leave for participation in child related school and/or day care activities and avail themselves of this credit, state tax revenues are likely to decline. It is speculative as to how much utilization of this credit might occur. The bill specifies the credit in the amount of 2.5 times the hourly wage of the employee. The average wage in the state across all industries is estimated by the Louisiana Workforce Commission at about \$18/hour, 2.5 times of which is \$45 per employee. Some firms may allow some paid leave time up to the amount of their tax liability to obtain the credit and the pool of children whose activities could trigger the credit is large; approximately 808,000 children enrolled in K-12 grades in nonpublic and public schools in the current year, and a licensed day care facilities capacity of approximately 132,000. To the extent these provisions are heavily used, even relatively small credit amounts could accumulate for any employer over its entire workforce for an entire year, and across the state, resulting in material state revenue losses. State revenue loss exposure from this credit is indeterminable but, it would only take 2,800 parents granted a half day of leave (four hours) over the school year to generate \$500,000 of state tax credit (total credit value per parent of \$45 * 4 = \$180 multiplied by 2,800 = \$504,000 of tax credit).

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	 Gregory V. Albrecht Chief Economist
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	